

Sustainability Progress

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Sustainability Management

■ Basic Policy on Sustainability

Seikagaku Corporation Group, guided by the core values expressed in the motto Creativity, Fairness, Dreams and Passion, aims to sustainably develop together with society by living up to its management creed: “Under the principle of respect for learning, we contribute to human well-being by creating and supplying the world with safe and useful pharmaceutical products based on glycoscience.”

In undertaking this, we meet the expectations of our diverse stakeholders and practice behaviors aimed at creating fair and honest relationships on the basis of high

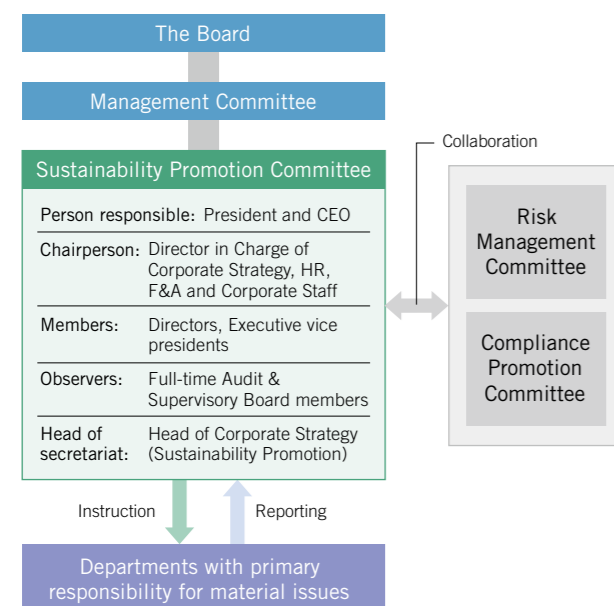
corporate ethical standards that reflect profound awareness of our social mission and responsibilities as a life sciences company.

On the basis of these ideals, Seikagaku Corporation Group seeks to grow as a corporate group that is valued by the world by providing a stable supply of truly useful, high-quality products created from innovative R&D activities and will contribute to the health and well-being of people around the world by working toward the sustainable development of the Earth and society.

■ Sustainability Promotion Structure

Seikagaku has designated the president and CEO as the person responsible for promotion of sustainability-related activities and established the Sustainability Promotion Committee, which is chaired by the director in charge of Corporate Strategy, HR, F&A and Corporate Staff. The committee discusses the policy on sustainability-related

activities, promotion measures, and other sustainability-related matters and verifies and assesses progress toward objectives. Important matters are reported on and considered at meetings of the Board following deliberation by the Management Committee.



1) Board of Directors

The Board decides, gives instructions, and supervises important matters relating to basic management policies, the mid-term management plan, the business plan, etc.

2) Management Committee

The Committee discusses and decides important matters relating to corporate management, such as the conclusion of important contracts, establishment of company rules and regulations, and formulation and modification of business execution plans.

3) Sustainability Promotion Committee

The Committee formulates basic policies and promotion measures relating to sustainability promotion, examines and assesses progress, and provides guidance and education. As a rule, the Committee meets twice yearly, and agenda items and deliberation results are reported or submitted for consideration by the Board of Directors and Management Committee as the chairperson considers necessary.

Fiscal 2021 Results

- **Establishment of integrated policies and information disclosure**
https://www.seikagaku.co.jp/en/sustainability/our_policy.html
- **Gathering of materiality-related information and publication of an ESG data book**
<https://www.seikagaku.co.jp/en/sustainability/materiality.html>
- **Preparation and implementation of an education and training plan for Seikagaku officers and employees**
- **Analysis of climate change-related risks and opportunities**
<https://www.seikagaku.co.jp/en/sustainability/tcfd.html> P35
- **Setting of CO₂ emissions reduction targets and formulation of reduction measures**
P34

Future Initiatives

- **Implementation of CO₂ emissions reduction measures (facilities replacement and updating, procurement of renewable energy, etc.)**
- **Establishment of a supply chain risk assessment process**
- **Enhancement of communication with business partners**
- **Creation of an organization that enables all employees to fully demonstrate their capabilities**



Basic Policy on Sustainability

Seikagaku Corporation recognizes that the global warming problem is a critical challenge facing the world and considers contributing to the realization of a sustainable society an important mission for companies. As a pharmaceutical company and as a member of society, Seikagaku Corporation aims to achieve balance between environmental measures and the company's growth and will implement initiatives to achieve business activities with low impact on the environment.



[Environmental Policy]

<https://www.seikagaku.co.jp/en/sustainability/policy.html>

CO₂ emissions reduction initiatives

Keenly aware of the importance of protecting the global environment and the responsibilities associated with manufacturing activities, Seikagaku observes environment-related laws and regulations and voluntarily engages in environmentally friendly business activities. We aim to balance environmental measures and business growth by continuing the energy-saving activities implemented heretofore and strengthening initiatives for efficient utilization of water resources, waste reduction and recycling, and other environmental improvements.

We have established the Energy Conservation Promotion Committee with the objective of promoting energy conservation activities and reducing CO₂ emissions and are managing energy use, implementing improvement measures for achieving energy use reduction targets established at each business site, and conducting energy conservation-related education and

training. Furthermore, we have put in place a structure for increasing groupwide efficiency in which the Committee coordinates energy use and CO₂ emissions volume and reduction measures each fiscal year, reports to the Management Committee, and discusses these matters. At the Takahagi Plant, the production site that uses the most energy, we have increased thermal efficiency and reduced CO₂ emissions by updating boilers to convert boiler fuel from heavy fuel oil A to high-efficiency liquid natural gas (LNG). Furthermore, we have reduced energy use through initiatives such as conversion to LED lighting fixtures at production sites and laboratories and repairing and reinforcing steam pipes and steam traps. In this way, by continuously engaging in energy conservation activities groupwide, we have achieved our average energy reduction rate targets for the five years up to fiscal 2021.

TOPIC

Surviving the “decisive decade” — Efforts to reduce environmental impacts

In the Glasgow Climate Pact, an outcome of the 26th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26), held in 2021, a target of limiting atmospheric temperature increase to 1.5°C above pre-industrial levels was set. The ten-year period until 2030 has been called the “decisive decade” for climate action.

To do its part in achieving Seikagaku's fiscal 2030 CO₂ emissions target (page 36), on October 3, 2022 the Takahagi Plant launched the 2030 Promotion Committee to boost collaboration with involved departments and steadily implement reduction measures. The Committee consists of four teams: Energy; Process Improvement and Materials; Industrial Waste and the Environment; and Awareness. The Committee will formulate and implement plans through close cooperation among the teams. It aims to formulate concrete measures for reducing environmental impacts and conduct education and training activities within the Takahagi Plant.



Information Disclosure Based on the TCFD Recommendations

Seikagaku Corporation considers addressing climate change to be an important management priority and is implementing measures to combat climate change. Since June 2022, Seikagaku has disclosed the status of its response to the TCFD*1 recommendations and to climate-related risks and opportunities.

*1 The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) in December 2015 at the request of the G20 Finance Ministers and Central Bank Governors Meeting to examine climate-related information disclosure and the response of financial institutions to climate change. In its final report, published on June 2017, the TCFD recommended disclosure by companies and other organizations of information on climate change risks and opportunities in the areas of governance, strategy, risk management, and metrics and targets.

Governance

In accordance with the Basic Policy on Sustainability, Seikagaku Corporation has identified by a resolution of the Board of Directors important issues that should be addressed on a priority basis (materiality) in the interest of achieving sustainable growth for Seikagaku and realizing a sustainable society.

We established the Sustainability Promotion Committee for the main purpose of addressing sustainability-related issues. In principle, the Committee meets twice a year to discuss the action policy for climate

change issues, promotion measures, and related matters and to examine and assess progress. Also, climate change risks and opportunities are included among the group-wide risks evaluated by the Risk Management Committee, discussed by the Sustainability Promotion Committee, and reported to the Board of Directors, and the Board monitors and oversees progress in addressing these risks. The president and CEO serves as the officer responsible for the Sustainability Promotion Committee and Risk Management Committee.

Strategy

To conduct a climate-related risk and opportunity materiality assessment, we used the following scheme to identify and assess scenarios for three categories: transition risks, physical risks, and opportunities. In addition to the Net Zero Emissions by 2050 Scenario*2 (NZE) proposed by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), which assumes a temperature rise of 1.5°C, and the IEA's Stated Policies Scenario (STEPS), which

assumes a 4°C rise, we carefully examined internal and external information and assessed the potential effects of climate-related risks and opportunities on businesses, strategy, and financial planning.

*2 Seikagaku analyzes risks and opportunities based on the following scenarios: Net Zero Emissions by 2050 Scenario (NZE): 1.5°C rise Stated Policies Scenario (STEPS): 4°C rise

Scenario Analysis Scheme



Risk Management

In risk management, each division and department implements initiatives in response to risks and opportunities in accordance with the Corporate Risk Management Regulations. The Sustainability Promotion Committee, established in December 2021, and the Risk

Management Committee share information on climate change risks, integrate and manage these risks as a form of business risk, and periodically report important risks to the Board of Directors.

Risk and Opportunity Analysis Based on Medium- and Long-term Scenarios

Transition risk

Risks and Opportunities	Details	Scale of Financial Impacts 1.5°C / 4°C	Time Frame	Response and Resilience
Policy and legal risk	Rising costs due to tightening of regulations, such as introduction of a carbon tax	Medium / Medium	Medium to long term	Mitigation of carbon tax burden through promotion of energy conservation and introduction and expanded use of renewable energy; cost reductions from initiatives such as reduction of raw materials use
Market risk	Rising costs due to introduction of eco-friendly raw materials, etc.	Medium / Medium	Medium to long term	Mitigation of carbon tax burden through promotion of energy conservation and introduction and expanded use of renewable energy; cost reductions from initiatives such as reduction of raw materials use
Reputation risk	Investor resistance or decline in personnel recruitment opportunities due to inadequate sustainability information disclosure, etc.	Medium / Small	Short to medium term	Pursuit of corporate value enhancement and greater opportunities to secure investment and personnel through proactive sustainability information disclosure

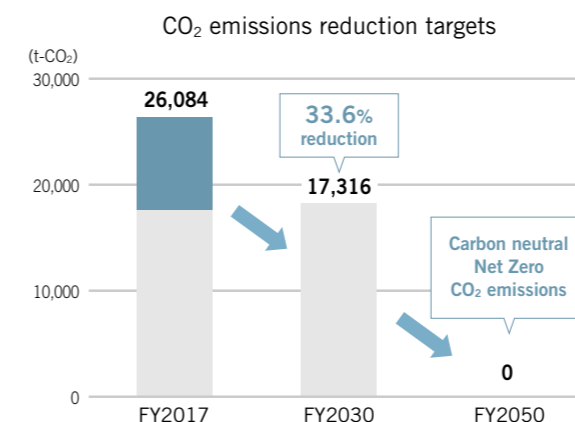
Physical risk

Risks and Opportunities	Details	Scale of Financial Impacts 1.5°C / 4°C	Time Frame	Response and Resilience
Acute	Risk of damage to production facilities, etc. resulting from increasingly serious extreme weather events; rising costs of restoration and prevention measures; temporary shutdowns due to supply chain disruption	Medium / Large	Medium to long term	Damage minimization through a continuous review of the business continuity plan (BCP), upgrading of BCP measures and strengthening of impact assessment and response capabilities along supply chains
Chronic	Declining outpatient numbers due to a healthcare crunch accompanying climate change-related spread of infectious disease	Medium / Medium	Long term	Promotion of R&D of long-acting drugs that entail little outpatient burden
Chronic	Decrease in natural resources used as raw materials or quality deterioration due to the impact of climate change on ecosystems	Small / Medium	Medium to long term	Promotion of research on substitute raw materials and transition from biological raw materials to recombinant raw materials, such as fermented materials

Opportunities

Risks and Opportunities	Details	Scale of Financial Impacts 1.5°C / 4°C	Time Frame	Response and Resilience
Energy and resource efficiency	Production facilities efficiency improvement	Small / Small	Medium to long term	Cost reductions from promotion of energy conservation and introduction and expanded use of renewable energy
Products, services, and markets	Climate-change related spread of infectious disease	Medium / Medium	Long term	Promotion of R&D in the infectious disease diagnosis field, etc.

Metrics and Targets



CO₂ emissions reduction targets (Scope 1&2: non-consolidated)

- 33.6% reduction by 2030 (compared to the fiscal 2017)
- Pursuit of carbon neutrality by 2050

Effective measures to consider in the medium- to long-term

- Thorough energy conservation actions and educational activities
- Installation of high-efficiency equipment and solar power generation facilities
- Procurement of carbon-free energy and credits

E

Environment

Initiatives for Biodiversity

Recognizing the importance of biodiversity in business as a life sciences company, Seikagaku Corporation strives for biodiversity preservation and the sustainable use of biological resources.

[Biodiversity Policy]
<https://www.seikagaku.co.jp/en/sustainability/biodiversity.html>

Horseshoe Crab Conservation Activities of Associates of Cape Cod, Inc.

Since Seikagaku's U.S. subsidiary Associates of Cape Cod, Inc. (ACC) manufactures and sells reagents using a substance extracted from horseshoe crab blood cells as a raw material, it continuously engages in horseshoe crab conservation activities to protect this precious natural resource. In addition to supporting the American horseshoe crab, in 2019, ACC began providing assistance for activities to maintain the population of Asian horseshoe crabs in the form of customized aquaculture equipment and training. Maintaining the population involves growing survivable juveniles produced by in vitro fertilization of sperm and eggs and releasing them into the natural environment. ACC has long engaged in this activity and accumulated related technology and expertise.

This assistance will be made available to academic institutions and private sector researchers around the world. Organizations receiving assistance are granted a license to use intellectual property relating to horseshoe crabs owned by ACC free of charge and are also provided with instructions regarding in vitro fertilization methods and training in the operation of highly efficient aquaculture equipment. The number of American horseshoe crabs that ACC has released in the Commonwealth of Massachusetts had reached about 1.2 million as of December 31, 2022.

In parallel with these conservation activities, ACC has also focused on development of gene-recombinant endotoxin-detecting reagents that can be manufactured without using blood harvested from horseshoe crabs.

PyroSmart NextGen, launched by ACC for sale in overseas markets in April 2021 and launched by Seikagaku for sale in Japan in May, was commercialized by ACC based on the results of R&D conducted for many years at Seikagaku.

Since PyroSmart NextGen follows the same cascade pathway as naturally sourced products, the same test methods and instrumentation can be used when the product is substituted for traditional naturally sourced reagents. ACC seeks to contribute to sustained environmental conservation by providing the option of choosing a gene-recombinant reagent in addition to taking measures to maintain the population of horseshoe crabs.

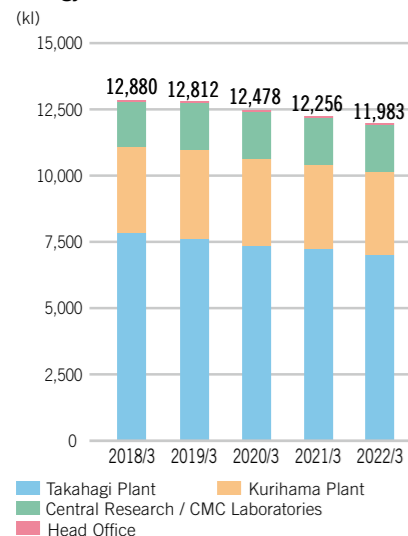
The Seikagaku Group will continue to actively support activities to conserve horseshoe crab populations and strive to use this resource in a sustainable manner.



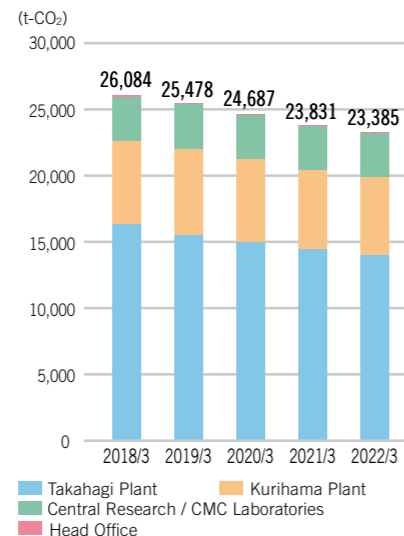
Horseshoe crab juveniles

Environmental Highlights

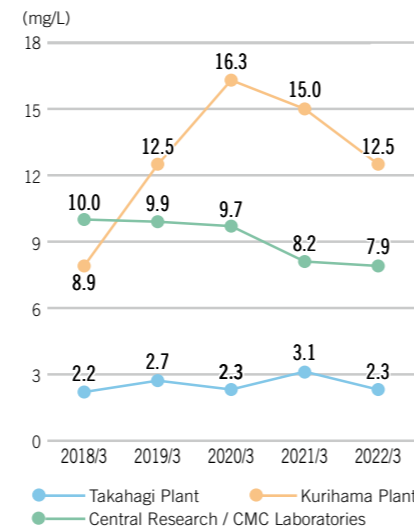
Energy Use



CO₂ Emissions



Water Pollution Load (COD)



S

Social

Social Contribution Activities

Seikagaku engages in initiatives to address social and environmental problems in pursuit of harmony and continuous growth together with local communities. And we pursue respect for learning by engaging in global research assistance and sponsoring activities that support the development of glycoscience.

Glycoforum, a website for comprehensive information on glycoscience research

<https://www.glycoforum.gr.jp/index.html>



Since 1997, Seikagaku has operated "Glycoforum," an academic website that shares information about research findings to contribute to the development of glycoscience, which is one of Seikagaku's areas of specialization.

As a portal site for glycoscience information, the website promptly disseminates science paper information, including commentary from global leading researchers and academic conference information. The site enjoys strong support from researchers in Japan and overseas.

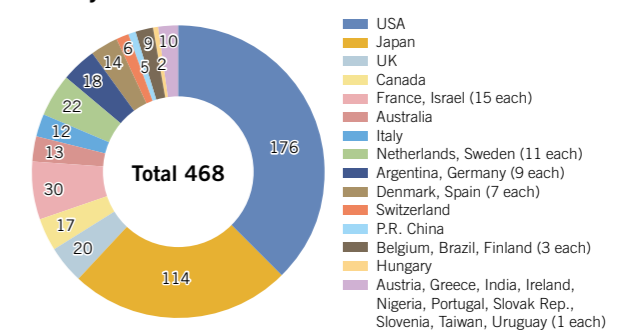
Support for the Mizutani Foundation for Glycoscience

<https://www.mizutanifdn.or.jp/index.html>

The Mizutani Foundation for Glycoscience, a public interest incorporated foundation, was established in 1992 with an endowment from the late Masakane Mizutani, former president of Seikagaku Corporation, for the purpose of contributing to the welfare of humanity through the advancement and development of glycoscience. The foundation provides research grants to glycoscience researchers in Japan and overseas and supports conferences. In fiscal 2021, the foundation provided research grants totaling ¥74.18 million to 14 grant recipients.

Seikagaku endorses the purpose of the Foundation and has continuously supported its activities since its founding.

Number of Grant Recipients by the Mizutani Foundation for Glycoscience (By country and area: 1993–2022)



TOPIC

Helping patients obtain early treatment

■ Knee osteoarthritis *Hiza Ikiiki* (Sprightly Knees), a website for provision of information concerning knee osteoarthritis to the general public

Knee osteoarthritis is a disorder by which the knee joint is strained due to aging, excessive exercise, or weight increase and the cartilage gradually wears away. Hiza Ikiiki explains basic knowledge concerning knee osteoarthritis and diagnosis and treatment methods in an easy to understand way.

■ Koshi-hernia.jp, a website for the provision of information concerning lumbar disc herniation a to the general public

Koshi-hernia.jp explains basic knowledge concerning lumbar disc herniation and its symptoms in an easy to understand way. It also provides information on changes in symptoms according to the season or weather, the impact of the disorder on work and lifestyles, and other information obtained from the findings of online patient surveys.

Through these websites, Seikagaku will provide correct knowledge and information to enable as many patients as possible to obtain early, correct treatment.

<https://www.ehiza.jp>
(Japanese only)



<https://koshi-hernia.jp/>
(Japanese only)





HR Initiatives

Seikagaku Corporation recognizes that respecting human rights through business activities is important for remaining a company that contributes to healthy and fulfilling lives for people around the world, and also creates a prosperous future. Upholding and respecting human rights in accordance with the UN Guiding Principles on Business and Human Rights, we hereby initiate the Seikagaku Corporation Human Rights Policy (the "Policy").

Human Rights Policy
https://www.seikagaku.co.jp/en/sustainability/our_policy/humanright.html

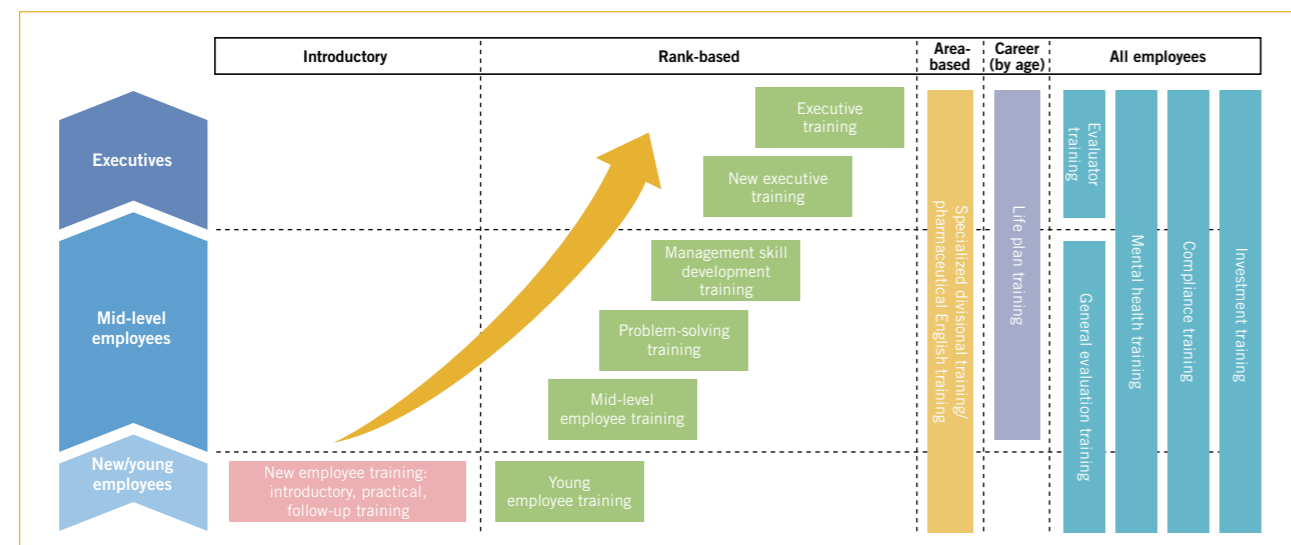
Development of human resources

Seikagaku Corporation considers human resources to be an important corporate asset and seeks people who understand and put into practice our core values "creativity," "fairness," and "dreams and passion" and are capable of self-growth while fulfilling their roles with a sense of responsibility.

Seikagaku also strives to provide fields for each person to grow and thrive in. We endeavor to cultivate autonomous employees who go about their work with enthusiasm and pride and produce results. We promote upskilling and career development through a combination of systematic education in various training programs, workplace education through day-to-day work, and job rotation.

The curriculum for systematic education is depicted in the diagram below. We conduct a variety of training programs for everyone from young employees to executives with the objective of promoting the growth of individual employees and the Company. In response to the spread of COVID-19, we continue to switch from group training to online training.

Training Systems



Work-life balance

To help its employees achieve a good work-life balance, Seikagaku has introduced flextime at all business sites, including laboratories and plants, and established a weekly "no overtime day." To help employees balance their personal lives with their work, Seikagaku encourages them to develop their own work styles. For example, we now have a reduced-working-hours system for employees who provide childcare and nursing care, and employees may also accumulate lapsed annual paid leave for use during prolonged illnesses or to cope with extended childcare and nursing care needs.

In the fiscal year ended March 31, 2021 (fiscal 2020), we instituted a work-from-home system as an option for diversifying work styles. Other objectives for introducing this system were to increase productivity through greater operational efficiency and create a means of maintaining continuity of operations in the event of a disaster.

Employees used an average of 80.7% of paid leave in fiscal 2021. From fiscal 2007 to fiscal 2021, 100% of staff who left work for childcare reasons returned, and the number of male employees taking childcare leave has also increased. Furthermore, Seikagaku creates employee friendly workplaces through staff assignments that

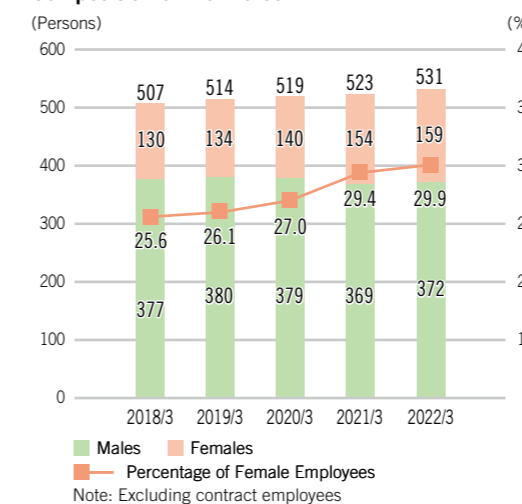
correspond to the nature and amount of work, improvement of workplace environments, and by limiting long working hours.

Diversity management

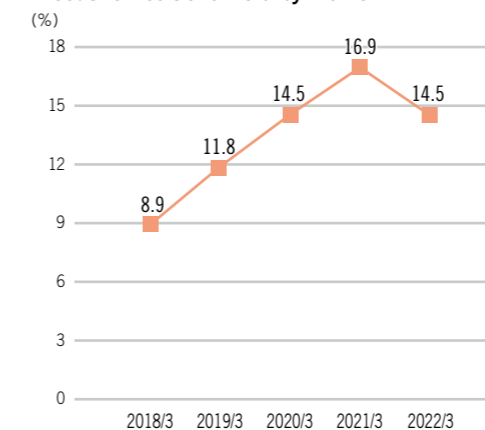
Seikagaku is creating an environment and developing systems, programs, and mechanisms to enable female employees to fully demonstrate their capabilities and is implementing measures to support the advancement of women as part of diversity management efforts.

In fiscal 2019, we revised the project to promote women's advancement in the workplace and relaunched it as the diversity and inclusion project. To ensure that the contributions and successes of diverse employees are the driver of Seikagaku's sustained growth, we have set concrete targets for each business site and have proceeded with reforms to create an organization in which individuals can demonstrate their full potential. The project concluded in March 2022, and going forward we will engage in initiatives for "Promotion of diversity and development of human resources," one of Seikagaku's material issues, and continue efforts to create an

Composition of Workforce



Executive Positions Held by Women



*The figures provided on this page are all on a non-consolidated basis.

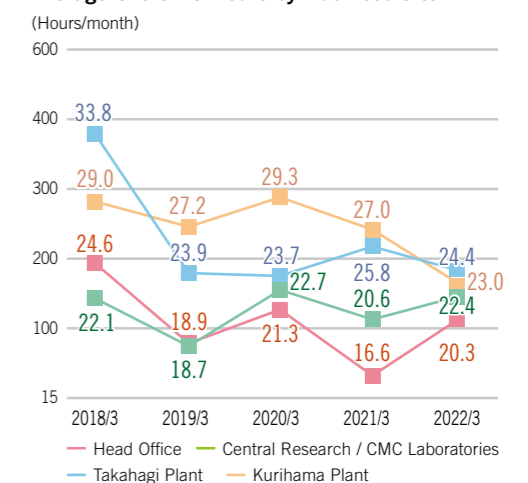
organization in which all employees can fully demonstrate their capabilities.

In October 2022, we revised the previous single-track personnel promotion system to a multiple-track system to make possible personnel assignment and development that take aptitude into account.

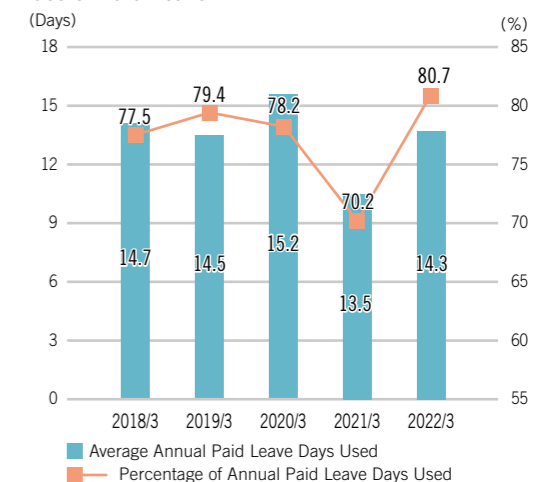
Mental healthcare

Since 2009, Seikagaku has implemented measures aimed at maintaining the physical and mental health of employees to vitalize workplaces and increase productivity. Specifically, we are improving the overall workplace environment by obtaining the advice and assistance of industrial physicians and public health nurses periodically and as needed, by conducting mental health care seminars for managers that utilize the results of annual stress checks, and other means. We have also instituted an external hotline and counseling service that employees and family members can freely utilize and are developing a self-care support system to enable employees themselves to recognize physical disorders and stress and learn how to cope with them.

Average Overtime Hours by Business Site



Use of Paid Leave



Members of the Board (as of June 21, 2022)

Directors



President & CEO
Ken Mizutani

Term of office as Director: 32 years
Number of the Company's shares owned: 460,180 shares

- Apr. 1970 Joined Mitsubishi Chemical Industries Limited (current Mitsubishi Chemical Corporation)
- Aug. 1988 Joined the Company
- June 1990 Member of the Board, Head of Research Biologicals and Diagnostics Marketing
- June 1993 Member of the Board, Senior Executive Vice President responsible for Planning and Manufacturing
- June 1998 Member of the Board, Senior Executive Vice President responsible for Marketing
- June 2000 Member of the Board, Senior Executive Vice President and Head of Central Research Laboratory
- June 2002 Representative Director and Member of the Board, Senior Executive Vice President responsible for Pharmaceuticals, Fine Chemicals, Oral Care, Glycoforum, and Head of Central Research Laboratory
- June 2005 Representative Director and Member of the Board, President & Chief Executive Officer (CEO)
- June 2018 Representative Director and Member of the Board, President & CEO and Head of Manufacturing
- June 2019 Representative Director and Member of the Board, President & CEO (current position)



Executive Vice President
Business Development & Marketing
Toshiyuki Okada

Term of office as Director: 5 years
Number of the Company's shares owned: 12,724 shares

- Apr. 1989 Joined Dow Corning Japan Co., Ltd.
- Sept. 1996 Joined Johnson & Johnson Medical K. K. (current Johnson & Johnson K. K.)
- Feb. 2015 Vice President and Chief Technology Officer
- Sept. 2015 Joined the Company
- Executive Vice President, Deputy responsible for Quality Assurance, Pharmacovigilance and Regulatory Affairs Auditing
- June 2016 Executive Vice President responsible for Quality Assurance, Pharmacovigilance and Regulatory Affairs Auditing
- Jan. 2017 Executive Vice President responsible for Marketing
- June 2017 Member of the Board, Executive Vice President responsible for Marketing
- June 2018 Member of the Board, Executive Vice President responsible for Business Development & Marketing (current position)



Executive Vice President
Research & Development
Yosuke Funakoshi

Term of office as Director: 4 years
Number of the Company's shares owned: 13,324 shares

- Apr. 1990 Joined ONO PHARMACEUTICAL CO., LTD.
- June 2008 Joined Takeda Pharmaceutical Company Limited
- Aug. 2012 Takeda Global Research & Development Center Inc. (current Takeda Development Center Americas, Inc.)
- Vice President of Strategic Project Management
- Aug. 2014 Joined the Company
- Senior Vice President and assistant to Senior Executive Vice President responsible for Research & Development
- Oct. 2014 Senior Vice President and Head of Clinical Development
- June 2016 Executive Vice President, Deputy responsible for Research & Development and Head of Clinical Development
- June 2017 Executive Vice President responsible for Research & Development and Head of Clinical Development
- June 2018 Member of the Board, Executive Vice President responsible for Research & Development and Head of Clinical Development
- Oct. 2021 Member of the Board, Executive Vice President responsible for Research & Development (current position)

Audit & Supervisory Board Members



Audit & Supervisory Board Member
Toru Takeda

Term of office as Director: 6 years
Number of the Company's shares owned: 2,200 shares

- Apr. 1983 Joined The Long-Term Credit Bank of Japan, Limited (current Shinsei Bank, Limited)
- Oct. 2000 Joined The Industrial Bank of Japan, Limited (current Mizuho Bank, Ltd.)
- Oct. 2008 General Manager, Risk Management Department, Mizuho Trust & Banking Co., Ltd.
- Apr. 2012 Corporate Auditor (full-time)
- Apr. 2016 Joined the Company as Senior Vice President
- June 2016 Audit & Supervisory Board Member (current position)



Audit & Supervisory Board Member
Mikako Torii (New election)

Term of office as Director: —
Number of the Company's shares owned: 14,059 shares

- Apr. 1988 Joined the Company
- June 2011 Head of Corporate Staff
- June 2015 Executive Vice President and Head of Corporate Staff
- June 2022 Audit & Supervisory Board Member (current position)



Outside Audit & Supervisory Board Member
Mie Fujimoto

Term of office as Director: 7 years
Number of the Company's shares owned: 1,400 shares

- Apr. 1993 Admitted to the bar in Japan
- Apr. 1993 Joined New Tokyo International (Later, Bingham Sakai Mimura Aizawa (foreign law joint enterprise))
- Apr. 2015 Joined TMI Associates (current position)
- June 2015 Outside Audit & Supervisory Board Member of the Company (current position)



Executive Vice President
Corporate Strategy, HR, F&A and Corporate Staff and Head of Corporate Strategy
Takayuki Akita

Term of office as Director: 4 years
Number of the Company's shares owned: 9,924 shares

- Apr. 1986 Joined The Mitsubishi Bank, Limited (current MUFG Bank, Ltd.)
- May 2016 Executive Vice President, Head of Transaction Banking
- June 2017 Joined the Company as Advisor
- June 2017 Executive Vice President responsible for Corporate Planning
- Oct. 2017 Executive Vice President and Head of Corporate Strategy
- June 2018 Member of the Board, Executive Vice President responsible for Corporate Strategy, HR, F&A and Corporate Staff and Head of Corporate Strategy (current position)



Outside Member of the Board
Mio Minaki

Term of office as Director: 3 years
Number of the Company's shares owned: —

- Apr. 1999 Joined MIT Corporation
- Oct. 2003 Public prosecutor, Tokyo District Public Prosecutors Office
- Apr. 2004 Public prosecutor, Osaka District Public Prosecutors Office
- Apr. 2005 Public prosecutor, Fukuoka District Public Prosecutors Office
- Apr. 2014 Litigation Department Attorney, Ministry of Justice Fukuoka Legal Affairs Bureau
- Apr. 2016 Public prosecutor, Tokyo District Public Prosecutors Office
- Apr. 2017 Assigned as Head of Legal Affairs Department to Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan
- Apr. 2019 Admitted to the bar in Japan
- Apr. 2019 Joined Minaki & Kitazawa Law Office (current position)
- June 2019 Outside Director of the Company (current position)



Outside Member of the Board
Yasuyuki Sugiura

Term of office as Director: 1 years
Number of the Company's shares owned: —

- Apr. 1978 Joined Mitsubishi Corporation
- Apr. 1998 General Manager, Washington Office, Mitsubishi International Corporation
- Apr. 2006 CFO and SVP in charge of Corporate Department, Mitsubishi International Corporation
- Apr. 2009 Executive Officer and General Manager, Corporate Communications Department, Corporate Strategy & Planning Division
- Apr. 2012 President & Director and Head of Chicago Branch, Mitsubishi International Corporation
- Apr. 2013 Executive Vice President, Mitsubishi Corporation and President & Director, Mitsubishi Corporation (Americas)
- Apr. 2016 Advisor, Mitsubishi Corporation (current position)
- June 2017 Managing Director, Toyo Bunko (current position)
- June 2021 Outside Director of the Company (current position)



Outside Audit & Supervisory Board Member
Shinkichi Matsuo

Term of office as Audit & Supervisory Board Member: 3 years
Number of the Company's shares owned: —

- Apr. 1991 Joined Mitsubishi Electric Corporation
- Apr. 1993 Joined Yokohama City Government
- Oct. 1995 Joined Ota Showa Audit Corporation (current Ernst & Young ShinNihon LLC)
- Apr. 1999 Registered as a certified public accountant
- June 2018 Representative Director, NextLeap Co., Ltd. (current position)
- June 2019 Outside Audit & Supervisory Board Member of the Company (current position)



Outside Audit & Supervisory Board Member
Takayuki Maruyama

Term of office as Audit & Supervisory Board Member: 2 years
Number of the Company's shares owned: —

- Apr. 2000 Admitted to the bar in Japan
- Apr. 2000 Joined Nagashima Ohno & Tsunematsu
- Sep. 2005 Joined Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP
- Jan. 2006 Admitted to the bar in New York State, US
- Feb. 2008 Joined OH-EBASHI LPC & PARTNERS (current position)
- June 2020 Outside Audit & Supervisory Board Member of the Company (current position)

Executive Vice Presidents

Quality Compliance & Medical Affair
Executive Vice President

Yuji Shimojima

Head of Takahagi Plant
Head of Production
Executive Vice President

Masayuki Ito

Notes:

1. Ken Mizutani concurrently serves as Executive Vice President.
2. Terms of office are as of June 21, 2022.
3. Number of the Company's shares owned is as of March 31, 2022.

■ Basic Concept

In accordance with the management creed, “We create safe and useful products for human well-being with basic research based on glycoscience” and on the basis of profound awareness of our social mission and responsibilities as a pharmaceutical company, Seikagaku seeks to increase the speed of transparent and fair decision-making and strengthen oversight of business execution and is focusing on development of internal control systems, including for compliance and risk management. Our policy is to aim for sustainable growth and corporate value enhancement by striving to further strengthen corporate governance, which we view as an important management priority, and building a management system that rewards the trust of our shareholders and other stakeholders, and of society at large, through these initiatives.

■ Corporate Governance Structure

The Company has adopted a Company with an Audit & Supervisory Board governance system, having determined that the most effective and appropriate form of corporate governance for the Company is for the Board of Directors to oversee business execution and for the Audit & Supervisory Board to perform auditing and oversight in cooperation with the accounting auditor and Audit Department. Furthermore, the Company has introduced an executive vice president system to separate management oversight by the Board of Directors from business execution and, in accordance with the basic policy determined by the Board of Directors, as a rule holds weekly Management Committee meetings to discuss important management matters.

The Board of Directors has established the Nomination and Remuneration Committee, comprising the president & CEO and all outside members of the Board, to advise on matters concerning selection of candidates for members of the Board and Audit & Supervisory Board members, remuneration for members of the Board, etc.

The Sustainability Promotion Committee discusses the policy on sustainability-related activities, promotion measures, and other matters and supervises their implementation, and the Compliance Committee discusses promotion measures to improve compliance effectiveness. The Risk Management Committee appropriately manages business risks and implements risk prevention measures.

Board of Directors

The Board of Directors comprises six members, including two outside members of the Board. The Company aims to enhance management oversight from an independent standpoint by appointing outside members of the Board to one-third of the Board seats.

To decide important matters stipulated in laws and regulations, the Articles of Incorporation, and rules for the Board, such as formulation of basic management policy, the mid-term management plan, and the annual management plan and the election of executive vice presidents, and to supervise business execution, in principle the Board holds regular monthly meetings and extraordinary meetings convened as necessary.

To enable sufficient deliberation at Board meetings, as a rule, materials on matters for resolution and reporting matters are distributed to the Board members at least three days before meetings to provide time to review the materials.

Also, advance explanations of important agenda items are provided, as well as additional materials and supplemental explanations upon request.

A meeting of outside officers, comprising two outside members of the Board and three outside Audit & Supervisory Board members, undertakes improvement of Board operation by periodically analyzing and evaluating the effectiveness of the Board of Directors and reporting the results to the Board.

Both outside members of the Board are reported to the Tokyo Stock Exchange, Inc. as independent officers by the Company.

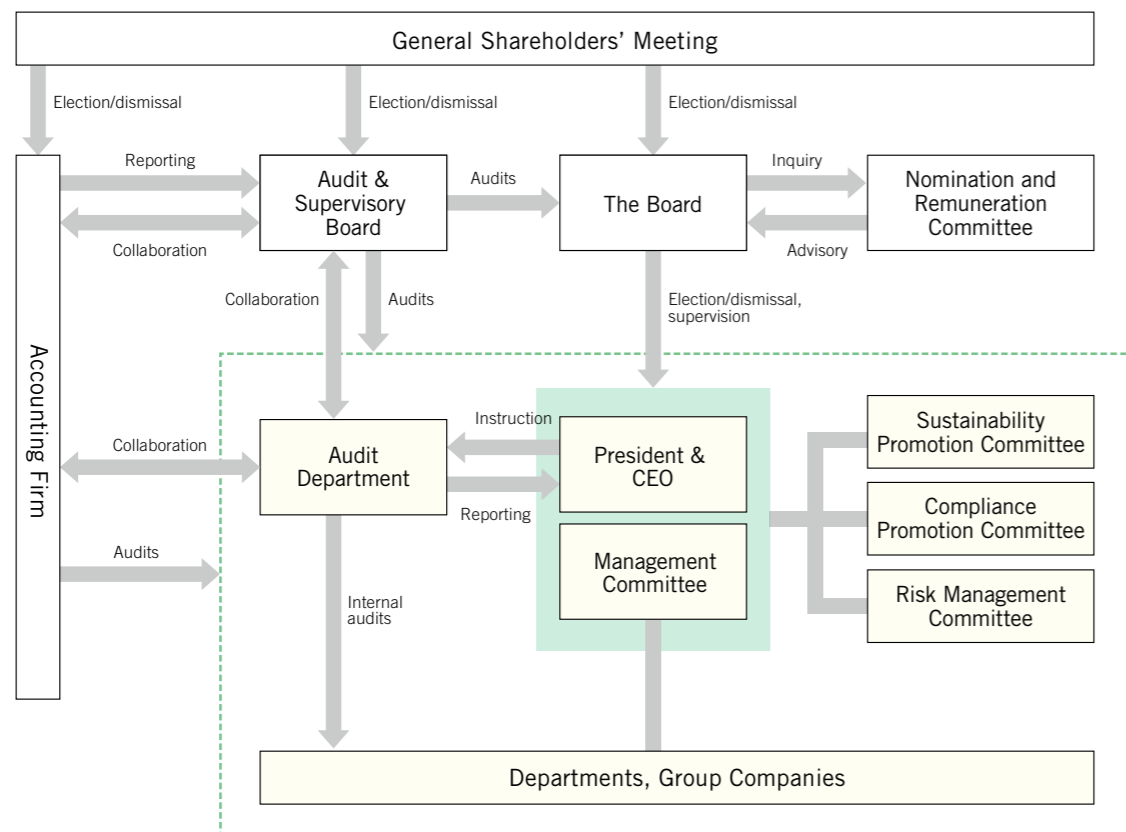
Enhancing functions of the Board of Directors

To achieve sustained growth and medium- and long-term enhancement of corporate value, following deliberation by the Nomination and Remuneration Committee, the Board of Directors determines skills required by the Board on the basis of basic management policy, the mid-term management plan, and other criteria. To maintain a structure capable of effectively fulfilling the Board’s role and duties, the Board selects candidates for corporate officer positions taking into consideration their knowledge, experience, abilities, and character, in addition to identified skills and Board diversity.

Since the skills required by the Board of Directors constantly change according to the business environment and other factors, the Company periodically reviews them. The term of office for members of the Board is one year with the aim of creating a management structure that would be able to adapt quickly and flexibly to changes in the business environment.

The outside members of the Board are responsible for oversight from an objective standpoint, a perspective that incorporates the common interests of shareholders, and is based on expert knowledge and insights into corporate management. The outside members of the Board also attend meetings held among the president & CEO, Audit & Supervisory Board members, and heads of each department to share views of the Company’s business issues and the external environment.

Corporate Governance Structure



Main Expertise and Experience of Directors and Audit & Supervisory Board Members

Title	Name	Corporate management	Finance/Accounting	Legal affairs/Risk management	R&D	Global	Production/Quality	Sustainability	Human Resources/Diversity
President & CEO	Ken Mizutani	●		●	●		●	●	
Executive Vice President	Toshiyuki Okada	●			●	●	●	●	
Executive Vice President	Yosuke Funakoshi	●			●	●			
Executive Vice President	Takayuki Akita	●	●	●		●		●	●
Outside Member of the Board	Mio Minaki			●					●
Outside Member of the Board	Yasuyuki Sugiura	●	●			●		●	●
Audit & Supervisory Board Member	Toru Takeda		●	●					
Audit & Supervisory Board Member	Mikako Torii			●				●	●
Outside Audit & Supervisory Board Member	Mie Fujimoto			●		●			●
Outside Audit & Supervisory Board Member	Shinkichi Matsuo	●	●						
Outside Audit & Supervisory Board Member	Takayuki Maruyama			●		●			

Audit & Supervisory Board

The Audit & Supervisory Board, comprising five members, including three outside members, audits and supervises the execution of director's duties by each member of the Board.

Audit & Supervisory Board members attend meetings of the Board of Directors, offer advice and recommendations as necessary, interview directors in charge and corporate officers of subsidiaries in accordance with an annual plan, and exchange views with the president & CEO. Furthermore, they have periodic meetings with the accounting auditor and Audit Department and receive audit reports, audit results, and other reports, exchange views, and strive for cooperation.

The full-time members attend Management Committee meetings and other important meetings; examine minutes, approval documents, and other important documents; perform audits of business sites; and share information about business execution and development of the internal control system and confirmation of its status of operation with the outside members at Audit & Supervisory Board meetings.

The outside members perform the role of auditing and supervising the Board members' execution of duties from an objective standpoint, a perspective that incorporates the common interests of shareholders, based on expert knowledge and insights into corporate management. All three outside Audit & Supervisory Board members are reported to the Tokyo Stock Exchange, Inc. as independent officers by the Company.

Nomination and Remuneration Committee

To increase fairness, transparency, and objectivity relating to matters including the selection of candidates for members of the Board and Audit & Supervisory Board and determination of remuneration for members of the Board and enhance corporate governance, Seikagaku has established the Nomination and Remuneration Committee as a voluntary advisory body to the Board. The Committee comprises the president & CEO and both outside members of the Board, and the Company believes that appointing outside Board members as a majority of Committee members ensures independence.

The Committee deliberates and reports to the Board of Directors on its views on the composition of the Board, matters relating to the selection and dismissal of members of the Board and Audit & Supervisory Board members, and matters relating to remuneration for members of the Board. It also discusses and decides the amounts of basic compensation, performance-linked compensation, and earnings-linked compensation for members of the Board as well as matters for which decision-making has been delegated by the Board of Directors.

In fiscal 2021, the Committee deliberated matters relating to the selection of candidates for members of the Board and determination of remuneration for members of the Board, the amounts of monetary remuneration for individual members of the Board (including evaluation of each Board member pertaining to performance-linked compensation), and other matters.

Initiatives to Strengthen Corporate Governance

(Fiscal 2022)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of members of the Board	11	9	7						8				5				6			
Number of outside members of the Board							1										2			
Number of female members of the Board																	1			
Number of Audit & Supervisory Board members		4											5							
Number of outside Audit & Supervisory Board members		2										3								
Number of female Audit & Supervisory Board members																1			2	
Advisory body to the Board of Directors																				Nomination and Remuneration Committee
Measures to improve Board of Directors effectiveness																				Board of Directors' effectiveness evaluation
																				Outside Officers' meeting
Term of office for members of the Board		2 year											1 year							
Executive vice president system																				Executive vice president system

Status of Holding of Board of Directors and Other Meetings (Fiscal 2021)

Organizational body	Composition	Frequency of convocation	Purpose
The Board*1	Members of the Board: 6 (including 2 outside members of the Board)	Once monthly in principle	The Board of Directors decides important matters stipulated in laws, the Articles of Incorporation and the Board of Directors Regulations, and oversees business execution. The Board of Directors met 14 times in fiscal 2021.
Audit & Supervisory Board	Audit & Supervisory Board members: 5 (including 3 outside members of the Board)	Once monthly in principle	The Audit & Supervisory Board discusses and decides important audit-related matters. The full-time members share information about business execution and development of the internal control system and its status of operation with the outside members at Audit & Supervisory Board meetings. The Audit & Supervisory Board met 15 times in fiscal 2021.
Nomination and Remuneration Committee	Members of the Board: 3 (including 2 outside members of the Board)	Meetings held as necessary	The Nomination and Remuneration Committee is a voluntary advisory body to the Board of Directors that reports to the Board on matters about which the Board has sought consultation, such as the nomination of candidates for corporate officer positions and remuneration for members of the Board and decides matters delegated by the Board. The majority of the committee members are independent outside members of the Board. The committee met four times in fiscal 2021.
Management Committee	Members of the Board: 4 Executive vice presidents: 3 Full-time Audit & Supervisory Board members: 2*2	Once weekly in principle	The Management Committee confers agendas of executive functions they have been tasked for implementation by the Board, based on the basic policy of the Board. The Management Committee met 36 times in fiscal 2021.

*1 Audit & Supervisory Board members also attend meetings of the Board of Directors. *2 Observers

Reasons for Election and Main Expertise of Outside Members of the Board and Outside Audit & Supervisory Board Members

Category	Name	Reasons for election
Outside member of the Board	Mio Minaki	Ms. Mio Minaki has a wealth of experience developed over many years in the judicial field and insight relating to corporate legal affairs as a lawyer. The Company has judged that she is capable of appropriately fulfilling the role of outside member of the Board from a professional standpoint based on this knowledge and experience.
	Yasuyuki Sugiura	Mr. Yasuyuki Sugiura has been involved in corporate management for many years at a general trading company, mainly in the U.S. and Canada, and has a wealth of international experience and wide-ranging insight. The Company has judged that he is capable of appropriately fulfilling the role of outside member of the Board by reflecting this experience and insight in the Company's management.
Outside Audit & Supervisory Board member	Mie Fujimoto	As a lawyer, Ms. Mie Fujimoto has expertise on labor-related laws and regulations and corporate compliance. The Company has judged that she is capable of appropriately performing a management oversight role from a professional standpoint based on this knowledge and experience.
	Shinkichi Matsuo	Mr. Shinkichi Matsuo is highly knowledgeable in finance and accounting as a certified public accountant and also has a wealth of experience relating to corporate management. The Company has judged that he is capable of appropriately performing a management oversight role from a professional standpoint based on this knowledge and experience.
	Takayuki Maruyama	As a lawyer, Mr. Takayuki Maruyama has expertise in corporate restructuring, business revitalization, and international contracts. The Company has judged that he is capable of appropriately performing a management oversight role from a professional standpoint based on this knowledge and experience.

Main Activities of the Outside Members of the Board (Fiscal 2021)

Category	Name	Main activities
Outside member of the Board	Mio Minaki	Ms. Mio Minaki offered advice and recommendations on numerous occasions at meetings of the Board of Directors from an independent, objective point of view based on a wealth of experience in the legal field and professional insight into corporate legal affairs. In her capacity as a member of the Nomination and Remuneration Committee, she attended all four Committee meetings and actively offered advice and recommendations in discussions about selection of candidates for members of the Board, determination of remuneration for members of the Board, identification of skills necessary for the Board, and other matters.
	Yasuyuki Sugiura	Mr. Sugiura offered advice and recommendations on numerous occasions at meetings of the Board of Directors from an independent, objective point of view based on a wide range of insights obtained through a wealth of management experience and international experience at a general trading company. In his capacity as a member of the Nomination and Remuneration Committee, he attended both Committee meetings held after he took office and actively offered advice and recommendations in discussions about selection of candidates for members of the Board, determination of remuneration for members of the Board, identification of skills necessary for the Board, and other matters.
Outside Audit & Supervisory Board member	Mie Fujimoto	Ms. Mie Fujimoto actively expressed opinions at Audit & Supervisory Board meetings from an independent, objective point of view based on professional insight, mainly relating to labor-related laws and regulations and corporate compliance. In addition, she received reports from the full-time Audit & Supervisory Board members, accounting auditor, and Audit Department and increased the effectiveness of auditing by gathering information through interviews with the president & CEO, corporate officers in charge, and corporate officers of subsidiaries. She also attended meetings of the Board of Directors and offered advice and recommendations on numerous occasions from an expert point of view.
	Shinkichi Matsuo	Mr. Shinkichi Matsuo actively expressed opinions at Audit & Supervisory Board meetings from an independent, objective point of view based on professional insight into finance and accounting accumulated over many years. In addition, he received reports from the full-time Audit & Supervisory Board members, accounting auditor, and Audit Department, and increased the effectiveness of auditing by gathering information through interviews with the president & CEO, corporate officers in charge, and corporate officers of subsidiaries. He also attended meetings of the Board of Directors and offered advice and recommendations on numerous occasions from an expert point of view.
	Takayuki Maruyama	Mr. Takayuki Maruyama actively expressed opinions at Audit & Supervisory Board meetings from an independent, objective point of view based on professional insight, mainly concerning corporate restructuring and international contracts. In addition, he received reports from the full-time Audit & Supervisory Board members, accounting auditor, and Audit Department, and increased the effectiveness of auditing by gathering information through interviews with the president & CEO, corporate officers in charge, and corporate officers of subsidiaries. He also attended meetings of the Board of Directors and offered advice and recommendations on numerous occasions from an expert point of view.

■ Compensation for corporate officers

At a meeting held on February 5, 2021, the Board of Directors resolved to adopt the Policy for Determining the Details of Individual Remuneration for Members of the Board and Audit & Supervisory Board Members, and Seikagaku now operates a compensation scheme in accordance with this policy. At the time of Board of Directors resolutions pertaining to compensation for corporate officers, the Board consults with the Nomination and Remuneration Committee beforehand and receives a report concerning the details of matters to be resolved.

Basic Policy

The Company's basic policy on compensation for directors (excluding outside members of the Board; the same applies hereinafter in this section "Compensation for corporate officers"), is to maintain a compensation structure designed to contribute to sustained earnings improvement by increasing incentives for directors to meet the expectations of shareholders. Specifically, compensation consists of basic compensation; earnings-linked compensation and performance-linked compensation, which serve as short-term incentives; and restricted stock compensation, which serves as a long-term incentive.

Compensation for outside members of the Board and Audit & Supervisory Board members consists of basic compensation only, in view of their role of management oversight independent from business execution.

Overview of types of compensation

The following is an overview of the types of compensation. <Basic compensation (monthly monetary compensation)> The amount of compensation for members of the Board is determined taking into consideration the balance between the going rate, management performance, and employee salaries. The amount of compensation for outside members of the Board and Audit & Supervisory Board members is determined by making reference to the going rate.

<Performance-linked compensation (monthly monetary compensation)>

Performance-linked compensation is determined through qualitative assessment based on achievement by each director of objectives for the previous fiscal year pertaining to important measures in the mid-term management plan. Qualitative assessment according to level of achievement is a three-stage to five-stage assessment, and the amount is calculated according to each assessment by multiplying basic compensation by a predetermined coefficient.

<Earnings-linked compensation (monthly monetary compensation)>

Earnings-linked compensation is determined through SKK EBITDA* in the previous fiscal year. SKK EBITDA is a numerical target in the mid-term management plan (fiscal 2019 to fiscal 2021). Assessment using SKK EBITDA is a three-stage evaluation, and the amount is calculated by multiplying basic compensation by a predetermined coefficient according to the assessment of each member of the Board.

* SKK EBITDA is Seikagaku's own profit indicator consisting of operating income plus depreciation expense. The Company has selected SKK EBITDA because it considers it appropriate as a short-term incentive with respect to business performance each fiscal year. The SKK EBITDA target for fiscal 2021, the final year of the current mid-term management plan, is ¥5,000 million. Actual SKK EBITDA for fiscal 2021 was ¥5,546 million.

<Restricted stock compensation (non-monetary compensation)>

Restricted stock compensation, which involves the granting each year at a certain time of common shares of the Company for which transfer is restricted until retirement ("restricted stock"). Compensation paid for the granting of restricted stock is a monetary claim, and the amount is calculated by multiplying the basic compensation of each member of the Board by a fixed rate for each position.

Policy on the ratio of each type of compensation for members of the Board

Compensation for members of the Board is designed so that the ratio of earnings-linked compensation increases the higher the position, taking into consideration the results of an external survey and using as a benchmark compensation levels at other companies similar in size to Seikagaku or in the same industry.

The Board of Directors receives a report from the Nomination and Remuneration Committee and reviews compensation design from time to time, taking into consideration factors such as the business environment and the Company's medium- to long-term trend in business performance.

The ratio of each type of compensation for members of the Board is roughly as follows in the case of maximum target achievement.

Basic compensation : 70–80%
Performance-linked compensation: 10%
Earnings-linked compensation : 5–10%
Restricted stock compensation : 5–10%

Method of determining compensation

By a resolution of the Board of Directors, monetary compensation for individual full-time and outside members of the Board is delegated to the Nomination and Remuneration Committee. The Committee's authority extends to determination of the amount of basic compensation, the amount of performance-linked compensation (including assessment of each director), and the amount of earnings-linked compensation.

The reason for delegation of this authority is so that the Nomination and Remuneration Committee, on the basis of the expert knowledge and insights into corporate management of the outside members of the Board, to determine the amount of monetary compensation for individuals from an objective standpoint, a perspective that includes the common interests of the shareholders.

Evaluation coefficients pertaining to performance-linked compensation, as well as evaluation categories and evaluation coefficients pertaining to earnings-linked compensation, are determined beforehand by the Board of Directors, giving respect to the content of a report from the Nomination and Remuneration Committee. With regard to restricted stock compensation, a form of non-monetary compensation, the timing of payment and method of distribution of monetary compensation claims are determined by the Board of Directors, giving respect to the content of a report from the Nomination and Remuneration Committee.

Compensation for Audit & Supervisory Board members is determined through discussion among them.

■ Analysis and evaluation of the effectiveness of the Board of Directors

At Seikagaku, a meeting of outside officers, comprising the outside members of the Board and outside Audit & Supervisory Board members, analyzes and evaluates the effectiveness of the Board of Directors on the basis of the content of a questionnaire survey conducted prior to the evaluation and reports the results of evaluation and points for improvement to the Board.

The evaluation for fiscal 2021 confirmed that decision-making on important matters and oversight of business execution functions properly and effectiveness of the Board of Directors has been sufficiently ensured by holding Board meetings without delay even amid the COVID-19 crisis thanks to utilization of a remote meeting system, by continuing to provide advance explanations concerning important agenda items, and by having further clarified Board meeting agenda proposal criteria.

To help activate deliberation, Seikagaku provides opportunities for sharing management issues and other matters with the outside officers and as a rule distributes materials at least three days before Board meetings to ensure sufficient time to review them beforehand.

Proposals for improvement included explanation of discussion content in the Board meeting agenda item consideration process and setting up a forum for meetings between outside officers and departments in charge about matters including sustainability promotion, and the Board will respond to these proposals.

Total Amount of Compensation for Each Category of Officer, Total Amount by Type of Compensation, and Number of Relevant Officers

Officer category	Total compensation (Millions of yen)	Total by type of compensation (Millions of yen)				Number of officers
		Basic compensation	Performance-linked compensation	Earnings-linked compensation	Restricted-Stock compensation	
Members of the Board (excluding outside members of the Board)	210	179	12	3	13	4
Outside members of the Board	20	20	—	—	—	3
Total	230	199	12	3	13	7
Audit & Supervisory Board members (excluding outside officers)	46	46	—	—	—	2
Outside Audit & Supervisory Board members	23	23	—	—	—	3
Total	69	69	—	—	—	5
Grand total	299	269	12	3	13	12

Notes: 1. Based on the status at the time of adjournment of the 75th Ordinary General Shareholders' Meeting, held on June 22, 2021, one retired outside Member of the Board is included in the table above.
2. The amount of pay for a member of the Board does not include the employee portion of salary of someone who is concurrently an employee and a member of the Board.
3. Stock compensation is the amount of compensation claims in respect of restricted stock compensation.
4. The total amount of compensation paid to all members of the Board was resolved at the 61st Ordinary General Shareholders' Meeting held on June 22, 2007, to be no more than ¥400 million per year (of which the outside members of the Board proportion shall be no more than ¥50 million per year). (Seven persons were eligible at the time of the shareholders' meeting resolution.) Also, the amount of compensation for separately granting restricted stock to directors (excluding outside members of the Board) was resolved at the 73rd Ordinary General Shareholders' Meeting held on June 19, 2019 to be no more than ¥50 million per year, and the total number of restricted stock shares issued or divested for granting to eligible members of the Board set at no more than 40,000 shares. Four persons were eligible at the time of the shareholders' meeting resolution.
5. The total amount of compensation paid to all Audit & Supervisory Board members was resolved at the 61st Ordinary General Shareholders' Meeting held on June 22, 2007, to be no more than ¥80 million per year. Five persons were eligible at the time of the shareholders' meeting resolution.

Measures to facilitate the exercise of voting rights

The Company takes appropriate measures to ensure that shareholder rights, including voting rights at the General Shareholders' Meeting, are substantially secured. Specifically, to secure sufficient time for consideration in the exercise of voting rights, in a typical year the Company sends out the Notice of Convocation three weeks before the date of the General Shareholders' Meeting and also posts the Notice of Convocation on the corporate website four weeks before the meeting. For foreign shareholders, the Company prepares an English translation of the Notice of Convocation and posts the English version on the corporate website at the same time as the Japanese version. Furthermore, the Company has responded to the diversification of methods of exercising voting rights by adopting electronic methods, including the Electronic Voting Platform for Foreign and Institutional Investors, in addition to voting in writing.

The Company has introduced measures to help increase shareholder understanding at the General Shareholders' Meeting, such as by using video and narration to provide business reports and explanations of shareholder proposals. The Company also discloses on its website a summary of the visual content of the business report provided at the General Shareholders' Meeting.

Cross-shareholdings policy

The Company strategically holds shares of other companies only when it is deemed to contribute to the enhancement of the Company's corporate value over the medium to long term on the basis of comprehensive consideration of business strategy, business relationships, and other factors.

The Financial Asset Management Committee, comprising the members of the Board, the corporate officer in charge of administration, and the managers of the Finance & Accounting Department and Corporate Planning Department, verifies each year whether the shareholding purpose and benefits and risks associated with the holdings are appropriate, and the Board of Directors evaluates the verification results. The Company's policy is to reduce any shareholding whose holding rationale is deemed unacceptable by the Board.

The Company makes decisions regarding voting rights of cross-shareholdings from the perspective of whether the content of shareholder proposals conforms to the abovementioned shareholding policy by contributing to the enhancement of the Company's corporate value over the medium to long term. In addition, financial results and other business conditions of investee companies and careful examination of whether or not the proposals contribute to increasing the shareholder value of these companies are considered.

Policies concerning constructive dialogue with shareholders and investors

The Company places importance on constructive dialogue with shareholders and investors for the purpose of realizing sustained growth and enhancement of corporate value over the medium to long term.

The Company has named the member of the Board in charge of administration as the officer in charge of investor relations and has assigned a person in charge of corporate communication to the Corporate Staff Department. The person in charge of corporate communication has developed a system that makes possible appropriate and fair disclosure by striving to gather and share information through the holding of regular and ad hoc meetings with the Finance & Accounting Department, the Research & Development Division, the Business Development & Marketing Division, and other interested divisions and departments.

As a rule, when the Company receives requests for interviews or other forms of dialogue, an appropriate person is selected according to the purpose and promptly responds. In fiscal 2021, the Company held 99 interviews or other interactions with shareholders and investors. The content of dialogues and opinions or requests obtained through such interactions are shared internally through reporting at meetings of the Board of Directors and Management Council as appropriate and through submission of quarterly IR activities reports to the members of the Board and managers of interested departments.

In addition, the Company holds biannual financial results briefings for institutional investors, securities analysts, and the media. The president & CEO provides a review of operations, progress in R&D, measures to improve shareholder value, and other updates. The Company also strives to provide information in a more understandable manner by posting audio files, presentation materials, etc. from the financial results briefings on the corporate website thereby enhancing content for individual investors.

Furthermore, the Company follows the Fair Disclosure Rules and rigorously manages insider information and disclosure information under the provisions of the Company's Insider Trading Prevention Regulations and Disclosure Policy. Additionally, the Company designates the period from the day following the quarterly closing date until the time of the announcement of the financial results as a quiet period to prevent financial information from leaking during the preparations for the announcement. During the quiet period, Seikagaku refrains from answering questions or making comments about financial results. However, the Company responds to inquiries about information that has already been published.

■ Messages from an outside member of the Board and outside Audit & Supervisory Board member



Yasuyuki Sugiura

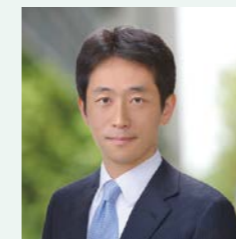
Outside Member of the Board

A functional governance system constructed on the basis of substantive discussion

It is my view that all agenda items receive necessary and sufficient discussion at meetings of the Board of Directors and that an appropriate governance system has been instituted. Thorough explanations of important matters are provided in advance of Board meetings, and the fact that sufficient consideration is given to enable participants to quickly begin substantive discussion on Board meeting days merits high praise. Another indication of the Company's earnest governance posture is that the executives responsible for business execution take discussions at Board meetings seriously and reflect them in actual management. A

Nomination and Remuneration Committee has been established, ensuring objectivity and transparency in the design of compensation for officers and in the decision-making process. Constant efforts are made to improve periodic business reports and other documents; measures have been taken to make them easier to read and understand; and there are ample glossaries of technical terms and other materials. Also, opportunities are provided for the Audit & Supervisory Board members and outside directors to regularly have direct dialogues with executives, and these valuable opportunities for in-depth exchanges of views assist in deepening mutual understanding.

From now on, reliable sustainability management will be considered a corporate social responsibility. Steady implementation of measures that address the six material issues on the basis of sufficient discussion of Seikagaku's purpose and mission is likely to directly contribute to enhancement of corporate value. In my role as an outside director, I hope to make contributions to ensure that Seikagaku receives even greater recognition from society through such sustainability activities.



Takayuki Maruyama

Outside Audit & Supervisory Board Member

The desire to contribute to establishment of a more robust compliance framework and sustained growth

Outside corporate auditors are independent from the corporations they audit, and they perform the role of monitoring corporate management and business execution. Seikagaku's outside Audit & Supervisory Board members, in addition to attending meetings of the Board of Directors and Audit & Supervisory Board, have meetings with the president and have interviews with the executives in charge of divisions to inquire about the execution of business. In this way, we actively exchange views with executives, maintaining a governance and compliance perspective, while deepening our understanding of the business.

At a time when medical cost containment is being implemented through NHI drug price revisions and other means, pharmaceutical companies face an increasingly difficult management environment. Seikagaku has formulated a new mid-term management plan covering the four-year period beginning in fiscal 2022 and is attempting to advance to the next growth step. To gain social trust and realize sustained growth, a pharmaceutical company dealing in life-related products that is required to demonstrate a high sense of ethics must instill a compliance mindset internally and, furthermore, firmly entrench it in the corporate culture. While compliance-focused management is practiced at Seikagaku now, compliance is an endless process, and tireless efforts to improve corporate "self-cleansing" capabilities are essential. I want to apply my experience and legal expertise as an attorney involved in corporate legal affairs to contribute to the establishment of a more robust compliance structure and sustained growth at Seikagaku.

Compliance and Risk Management

■ Compliance

To ensure high ethical standards across all aspects of corporate activities as required of a pharmaceutical company, Seikagaku has positioned honest and fair behavior as the basis of all activities. This involves not only complying with strict laws and regulations, but also putting into practice the principle of “Conducting oneself in a disciplined manner in accordance with morals and also courageously correcting the misdeeds of others.”

To embody these ideals, Seikagaku has instituted a compliance program (including the SKK Group Compliance Code of Conduct) based on the Creed and the Guidelines for Our Activities. To more appropriately and smoothly implement the program, Seikagaku has developed a compliance program implementation structure, established the Compliance Promotion Committee, and installed a compliance officer and compliance promotion officers. The Compliance Promotion Committee, which is chaired by the president & CEO and has the Management Committee members as its members, increases compliance effectiveness by promoting and implementing measures to increase compliance awareness on a company-wide level through an activity plan set every year.

Outline of the SKK Group Compliance Code of Conduct

As an employee of a life sciences company, each Seikagaku employee makes respect for life the primary consideration and behaves on the basis of high corporate ethical standards that earn the trust and support of society.

For details on the Compliance Program, please visit the Seikagaku corporate website.

<https://www.seikagaku.co.jp/en/corporate/compliance.html>

■ Compliance initiatives

Seikagaku instills compliance by distributing to all employees the Compliance Program Handbook, which sets down compliance standards, procedures, and a promotion framework, and the Compliance Card, which summarizes key points of employee behavior.

コンプライアンスカード

経営戦略とコンプライアンス

当社は「独善 公正 謙と情熱」の経営理念のもと、独創的な医薬品等の開発を通じて世界の人々の健康でもっと貢献したいと目指します。経営戦略を反映したコンプライアンス・プログラムは、当社の行動の基本方針となるものです。

私たちの使命

私たちは、生命関連企業に求められる高い倫理観のもと、コンプライアンス・プログラムおよび法令等を遵守して、誠実かつ公正に行動します。* 当社コンプライアンス行動規範より

生化学工業株式会社

行動のポイント

- これからは「九つ行動の心」を指針として、法令違反などの誤謬変化等によって「いつものこと」が違反行為に変わる可能性があります。
- 自分自身で疑いがある場合は、速に上司や関係者へ報告し、組織での対応や専門家の知恵を借りることにより、早期解決につながります。
- 疑わしい「事実」を「伝える」こと

あなたが「伝える」ことにより、問題の深刻化を防ぐことができます。上司へ報告・相談するほか、相談窓口も利用することができます。

【相談の相談窓口】

「ホットライン」(社内・社外) 又はコミュニケーション相談員
非詳細は「相談窓口の手引き」をご覧ください。

Compliance Card

■ Compliance education and training

In other measures to promote compliance, Seikagaku provides internal training on specific compliance-related themes every fiscal year to constantly raise compliance awareness. In fiscal 2021, Seikagaku made “Reaffirming the importance of compliance throughout the company and strengthening and putting into practice the compliance promotion structure” an action policy and engaged in compliance promotion activities centered on online training and e-learning.

Diagram of Implementation Structure



*Overseas subsidiaries Associates of Cape Cod, Inc. and Dalton Chemical Laboratories, Inc. have developed their own compliance frameworks that conform to their local environments, laws, and regulations and have instituted a system of reporting important compliance-related incidents to Seikagaku following reporting to their respective boards of directors.

<Role of Compliance Promotion Committee>

The committee approves measures to promote compliance in accordance with the Compliance Program and supervises the status of their implementation.

<Role of Compliance Promotion Officers>

They are responsible for implementing the Compliance Program in their respective divisions, carrying out self-inspections, and also implementing the resolutions of the Compliance Promotion Committee.

■ Consultation and reporting (whistleblowing) contact points

The Compliance Program is closely connected to appropriate business execution as well as maintenance of a worker-friendly workplace environment for employees.

In the interest of early detection of Compliance Program violations and suspected violations and the resolution of problems, Seikagaku has instituted hotline operation standards and has also set up a communications counseling system (male and female staff appointed at each business site) to respond to internal communication issues. Furthermore, by establishing multiple internal and external consultation contact points, such as utilization of an external whistleblowing channel, Seikagaku has put in place an environment that enables persons seeking advice to use the contact point that makes them feel most at ease, depending on the problems they face or individual circumstances.

Seikagaku has also put in place the necessary mechanisms to comply with the amended Whistleblower Protection Act, and have ensured that all employees are aware of the whistleblower system's process and its importance.

Consultation and Reporting Route



Protection of employees who seek advice and whistleblowers

Seikagaku gives the highest priority to protecting the confidentiality and privacy of employees who seek advice and to whistleblowers. Information about employees who seek advice, whistleblowers, and those involved shall be disclosed on a need-to-know basis and their privacy and anonymity shall be protected. Seikagaku stipulates in its internal regulations that sufficient care must be taken to ensure that whistleblowers and those who have cooperated with investigations do not suffer any detriment as a result of speaking out.

■ Risk management

Seikagaku has established Corporate Risk Management Regulations and developed a structure for monitoring and managing risks related to the execution of business operations. The President has overall responsibility for managing corporate risk, while officers and general managers are responsible for properly managing risks and preventing risks from being realized in the operations under their jurisdiction.

Business risks are described on our website.

<https://www.seikagaku.co.jp/en/ir/management/risk.html>

■ Risk management structure

Seikagaku has also established a Risk Management Committee, which deliberates and establishes company-wide risk management policies and preventive measures. When a new major risk emerges, the Risk Management Committee is also responsible for setting up a task force immediately and implementing countermeasures to minimize any damage.

The occurrence of an emergency, the establishment of a task force, the response policy, and the implemented response measures are reported to the Board of Directors.

Risk Management Structure

